

LEND-LEASE

Agreement and schedule signed at Washington June 14, 1946
Entered into force June 14, 1946; operative from September 2, 1945

60 Stat. 1760; Treaties and Other
International Acts Series 1533

AGREEMENT BETWEEN THE GOVERNMENTS OF THE UNITED STATES AND THE REPUBLIC OF CHINA ON THE DISPOSITION OF LEND-LEASE SUPPLIES IN INVENTORY OR PROCUREMENT IN THE UNITED STATES

The Government of the United States and the Government of the Republic of China in order to provide for the orderly disposition in their mutual interests of the undelivered articles which, prior to the cessation of active military operations against the common enemy, were in inventory or procurement in the United States for the purpose of providing war aid to the Republic of China under the Act of Congress of March 11, 1941,¹ as amended, agree as follows:

ARTICLE I

All articles and services undertaken to be provided by the United States under this Agreement shall be made available under the authority and subject to the terms and conditions of the Act of Congress of March 11, 1941, as amended, and any acts supplementary thereto.

ARTICLE II

Within such periods as may be authorized by law, the United States undertakes to transfer to the Republic of China and the Republic of China agrees to accept, subject to the right of inspection referred to in Article V, those articles which are or will be available to the United States for transfer to the Republic of China out of articles in inventory or procurement which were requisitioned and contracted for prior to August 18, 1945 for the purpose of providing war aid to the Republic of China, but which were not transferred prior to 12:01 A.M., September 2, 1945.

The Republic of China undertakes to pay the United States in United States dollars, for the articles transferred to the Republic of China under this Article and for the cost of inland and ocean freight and other incidental

¹ 55 Stat. 31.

expenses, an amount to be determined as set forth in Schedule I, and interest thereon, according to the terms and conditions set out in that Schedule.

Schedule I, which is annexed hereto, is made a part of this Agreement.

ARTICLE III

The Republic of China shall be released from its obligation to accept articles or services under the provisions of Article II upon payment to the United States of any net losses to the United States, including contract cancellation charges, resulting from the determination of the Republic of China not to accept such articles or services.

ARTICLE IV

Within such period as may be authorized by law the Government of the United States undertakes to aid in the movement to the Republic of China of the articles provided under Article II by furnishing American flag shipping and related services so far as it is consistent with the national interest of the United States and the Republic of China agrees to pay the United States for such shipping and related services as may be made available under the provisions of this Article in an amount and on terms and conditions set forth in Schedule I.

ARTICLE V

The Government of the United States will, in lieu of granting any warranty, express or implied, with respect to articles transferred to the Republic of China, assign to the Government of the Republic of China any assignable rights which it may have against the supplier, inland carriers or other private contracting agencies for breach of warranty, or any assignable claims for loss of or damage to articles prior to transfer to the Government of the Republic of China. The Government of the Republic of China shall have the right of inspection of articles at any mutually convenient point prior to transfer. The Government of the United States undertakes to use its best efforts to provide appropriate assistance to the Government of the Republic of China to effectuate a satisfactory settlement with the suppliers, inland carriers, or other private contracting agencies of any claims of the Government of the Republic of China covered by the aforesaid assignment.

The Government of the United States agrees that the provisions of Article V of the Mutual Aid Agreement of June 2, 1942,² shall not apply to supplies transferred to the Government of the Republic of China under the provisions of Article II of this Agreement.

² EAS 251, *ante*, p. 737.

ARTICLE VI

Nothing in this Agreement shall modify or otherwise affect the final determination, under the Act of March 11, 1941, as amended, and the Mutual Aid Agreement between the two Governments of June 2, 1942, of the terms and conditions upon which the Republic of China has received aid except for the articles and services made available under the provisions of this Agreement.

ARTICLE VII

This Agreement shall take effect as from 12:01 A. M., September 2, 1945.

IN WITNESS WHEREOF, the undersigned, duly authorized by their respective Governments, have signed the present Agreement in duplicate at Washington on the 14th day of June 1946.

For the Government of the United States

CHESTER T. LANE

*Deputy Foreign Liquidation Commissioner
Department of State*

For the Government of the Republic of China

SHOU CHIN WANG

Chairman of the Chinese Supply Commission

SCHEDULE I

It is agreed that the articles to be transferred and services to be rendered under this Agreement are in the following categories and that the approximate value thereof is in the amount shown in the following schedule:

Communications	
Transportation	\$32, 000, 000
Signal	150, 000
Industry & Mining	2, 675, 000
Ordnance	
Arsenal	1, 150, 000
Industrial Equipment	5, 500, 000
Medical	20, 000
Miscellaneous	5, 000
Textiles	6, 500, 000
Inland Accessorial Expenses	3, 600, 000
Ocean Freight	7, 300, 000
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	\$58, 900, 000

Changes may be made in the categories and amount of articles to be transferred and services to be rendered by mutual agreement of the parties.

The terms and conditions upon which the said articles are to be transferred and services rendered by the Government of the United States to the Government of the Republic of China under the provisions of this Agreement are as follows:

A. The term "contract price" means the contract price f. o. b. point of origin, or in cases in which contracts are written on terms other than f. o. b. point of origin, the price computed by the United States f. o. b. point of origin, confirmed by proper documents, which is paid by the United States to the contractor. The contract price shall be evidenced by a specific contract in cases where specific contracts have been entered into by a United States Government procurement agency in pursuance of an approved requisition or other written request of the Republic of China or to fulfill offerings made by the United States to the Republic of China for the war programs of the Republic of China. In cases where articles so requested or offered are not procured on contracts placed by a United States Government procurement agency in part or in whole specifically for the Republic of China but are procured by a United States procurement agency on general supply contracts without specification of the particular ultimate recipient or recipients, the contract price shall be the estimated average contract price (as computed by the United States) f. o. b. point of origin paid by the United States Government procurement agency for similar articles.

B. Unless otherwise provided by mutual agreement, transfers of articles to the Republic of China shall take place immediately upon loading of the articles on board ocean vessels in a United States port and title and risk of loss with respect to articles shall pass upon transfer to the Republic of China; provided, that any article that shall not have been transferred to the Republic of China as above set forth prior to August 31, 1946 or 90 days following the time of notice to the Republic of China of the availability of the articles, whichever is later, shall be deemed to be transferred to the Republic of China upon such date and the Republic of China shall thereafter assume complete financial responsibility for the articles including risk of loss and arranging and paying for storage, insurance, maintenance, preservation and inland transportation and any other incidental expenses.

All articles made available shall be properly packed or prepared to meet the requirements of ocean shipping. The invoice delivered by the United States as certified by authorized officials of the Republic of China with respect to articles transferred under Article II shall be conclusive as to the cost of such articles.

C. The amount which the Republic of China shall pay the United States with respect to articles transferred under the provisions of Article II of this Agreement shall be the sum of the following items as set forth in sub-paragraphs (1), (2) and (3):

(1) The contract price of the articles. (2) 7.5 percent of the contract price to cover the cost of storage, inland transportation, inland accessorial charges, and port accessorial charges normally incurred by cargo in accordance with the custom of the port. (3) The actual cost of ocean freight for transporting such articles from United States port to a port in China.

Payment of the total amount, determined as set forth above, shall be made by the Government of the Republic of China to the Government of the United States on or before July 1, 1976 in thirty annual installments, the first of which shall become due and payable on July 1, 1947. The amount of each annual installment shall be computed by dividing the total amount less the amount of installments earlier becoming due by the number of installments yet to become due (including the installment being computed).

Nothing herein shall be construed to prevent the Government of the Republic of China from anticipating the payment of any of the installments, or any part thereof, set forth above.

If by agreement of both Governments, it is determined that, because of extraordinary and adverse economic conditions arising during the course of payment, the payment of a due installment would not be in the joint interest of the United States and the Republic of China, payment may be postponed for an agreed upon period.

Interest on the unpaid balance of the total amount determined as set forth above shall be paid by the Government of the Republic of China at a rate of $2\frac{3}{8}\%$ per annum accruing from July 1 next succeeding the date of transfer. Interest shall be payable annually, the first payment to be made July 1, 1947.

It is further agreed, however, that the terms of payment, including rate of interest, herein provided may be altered by mutual agreement at the time of the final settlement contemplated by Article VI hereof.

For the Government of the United States

CHESTER T. LANE

*Deputy Foreign Liquidation Commissioner
Department of State*

For the Government of the Republic of China

SHOU CHIN WANG

Chairman of the Chinese Supply Commission